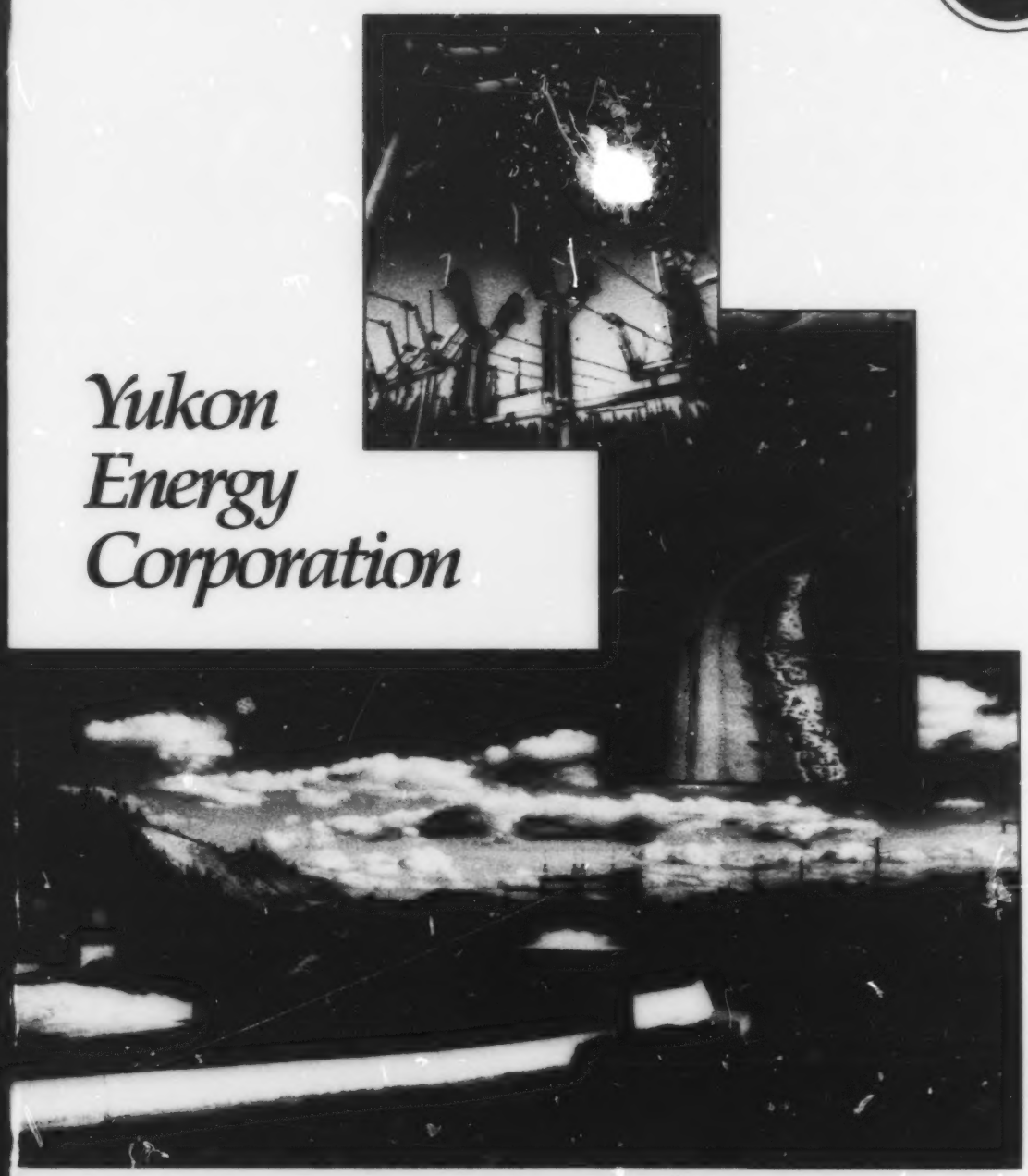


Yukon Energy Corporation

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1991

93-01624/

The Honourable Maurice Byblow
Minister, Yukon Development Corporation
Government of Yukon
Whitehorse, Yukon
Y1A 2C6

Dear Sir;

I am pleased to submit the Annual Report of Yukon Energy Corporation, which details the financial position of the Corporation and provides discussion and analysis of issues for 1991 and for future years.

As of April 1, 1992, the Corporation will have been in operation for five years. During that time, significant progress has been made in improving and expanding the existing system, and in planning for future development.

1991 has been a good year for the utility. The Board wishes to express its thanks to the staff of the Corporation for their continued diligence, and to those Directors who have completed their terms as members of the Board.

On behalf of the Board,

Fred Berger
Chair
Yukon Energy Corporation

THE CORPORATE PROFILE

Yukon Energy Corporation (YEC) is a wholly owned subsidiary of Yukon Development Corporation, which is a crown corporation of the Government of the Yukon. YEC generates and transmits electricity to meet the needs of Yukon people. It was established on April 1, 1987 to assume ownership of generation and transmission assets owned by the Government of Canada through the Northern Canada Power Commission.

YEC is accountable to the people of the Yukon through its Board of Directors. The Board is made up of individuals appointed by the Executive Council of the Government of the Yukon. The Board is responsible, through the Minister, to the Legislature.

The Board of Directors ensures that YEC operates as a self-financing corporation capable of generating sufficient earnings to undertake system improvements and secure capital for necessary expansion.

The operational management of the Corporation's assets is carried out under contract by The Yukon Electrical Company Limited (YECL), however YEC retains ownership of assets and responsibility for policy direction.

The electricity generated and transmitted by YEC provides 94 per cent of the Yukon's power requirements. The remaining 6 per cent is supplied by YECL facilities such as those in Pelly Crossing and Watson Lake. The YECL also owns most of the Yukon's municipal electrical distribution network with the exception of facilities located in Mayo, Dawson and Faro, and some lines to isolated rural communities.

CORPORATE OBJECTIVES

YEC's primary business activity is to generate sufficient amounts of electricity to meet the power requirements of Yukon consumers. Within this basic mandate, the Corporation has established a number of specific objectives:

To provide Yukon electricity consumers, from all customer classes, with a safe, reliable and sufficient supply of energy, both now and in the future.

To develop new electric generating facilities, as required, at the least possible long-term cost.

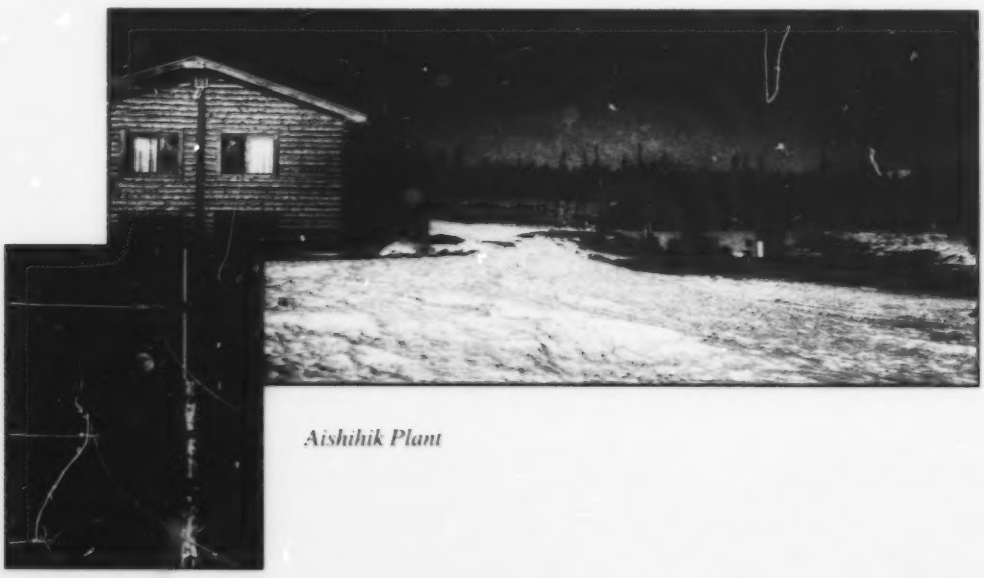
To ensure that all Yukon communities are provided with a reliable and sufficient supply of power through a connection to a hydro based power grid or through generation facilities located in the community.

To ensure that electricity is used economically and efficiently by Yukon consumers.

To provide stable and predictable long-term power rates.

To function as a well-managed, responsible and self-financing commercial entity earning a normal rate-of-return on equity.

To operate the utility and establish plans for future development in consideration of the energy-related policies established by the Yukon Economic Strategy, the Yukon Conservation Strategy and the Yukon Energy Strategy.



Aishihik Plant

CHAIR'S REPORT

YEC has experienced an active and productive year in 1991, both in terms of work accomplished to improve the existing system, and in terms of planning for future development.

The Yukon's economy continues to be buoyant and this has contributed to steady growth in the Corporation's annual load requirements. A significant portion of this growth is due to increasing electricity demands by the Corporation's major industrial customer, Curragh Inc., which consumes over 40 per cent of the power produced annually by YEC. Curragh is affected by the international price of base metals and by exchange rates on the Canadian dollar. The Corporation's reliance on this single major customer has brought the issue of economic risk associated with a future mine closure to the forefront in all planning activities.

It is encouraging to note that there are a number of new mining ventures that may go into production in the next few years. These operations will help diversify industrial load requirements.

Developing projects to meet future supply requirements will continue to be the main focus of planning work into 1992. This will result in a finalized plan which will be submitted to the Yukon Utilities Board and will be reviewed at Capital Hearings to be held in the fall of 1992.

Over the past year, a number of initiatives have been undertaken to provide a foundation for future supply development. The main objective in 1991 was to complete upgrading work to ensure maximum efficiency of the existing system. Among the projects completed was the installation of a new base load fuel-efficient diesel generator in Whitehorse, a new generator in Dawson City and the rebuilding of the substation at Faro. Over the next three to five years, the substation at Whitehorse Rapids will also be rebuilt and expanded at a cost of over $7 million.

Whitehorse Rapids Dam

Other system improvements planned for the near future include the completion of the Supervisory Control and Data Acquisition (SCADA) system. The hydro plants at Whitehorse Rapids, Aishihik and Mayo will also be upgraded to ensure that the maximum possible amount of energy is being produced with existing equipment. Other efficiency measures include the installation of remote water gauging stations, computer modelling of existing and planned future projects, and the increased use of waste heat from diesel generators to displace electrical and fossil fuel space heating requirements in YEC facilities.

The Corporation's ongoing program of upgrading and modernizing system equipment has continued this year. Among the work undertaken was the continued monitoring of hydro dams and canals, the repair of a porous rock seam at the Whitehorse Rapids facility, and the stabilization of rock slopes at the Mayo power plant. Power reliability and power quality issues will continue to be addressed in 1992 with improved system coordination during periods of lost generation and additional clearing of brush along power lines.

The major environmental concern for the Corporation in 1991 was the preliminary results of a fisheries study conducted by the Department of Renewable Resources at Aishihik Lake. These studies will be continuing in 1992. YEC also continued its role in the Whitehorse Rapids Fishway and Fish Hatchery and its involvement in the Mayo Salmon Enhancement Project. The other major environmental initiative this past year has been the expanded use of diesel waste heat to displace electric and fossil fuel space heating in YEC facilities.

(Above) Chinook Salmon in the Whitehorse Rapids Fishway.

(Left) Hydro site reconnaissance photo.

Erosion control work continued in the area of the Aishihik Village in 1991. Initial planning work was also conducted to ensure future water access for the First Nations people of the area. The YEC will continue to take mitigative action to correct the socioeconomic impacts of power generation and will ensure that employment benefits are preserved for local residents wherever possible.

Hydro site reconnaissance continued in 1991. All supply options, including potential hydro projects, will be reviewed by the Yukon Utilities Board at the Capital Hearing during the fall of 1992. Major supply options to be presented to the YUB for review include the installation of a third turbine at the Aishihik plant, and the development of hydro facilities at Drury Creek and Morley River. In the shorter term, increasing load requirements are being met through the installation of fuel-efficient diesel generators such as the one installed in Whitehorse this year. The impact of demand-side management (conservation) on future supply requirements is also under evaluation.

1991 marked the initiation of demand-side management (DSM) programming. The Corporation opened a street-level information centre called the Power Smart Idea Shop to assist consumers in reducing their energy consumption and saving money on their power bills. Two pilot programs were run to promote the installation of power saver cords on vehicle block heaters and low-flow showerheads. DSM has the potential to reduce the Corporation's capacity requirements by 8 MW by the year 2000 for an investment of about $7 million.

Fred Berger
Chair
Yukon Energy Corporation

THE ENVIRONMENT

Environmental Audit

The Corporation has instituted a program of monitoring its compliance with various environmental regulations. The task will be undertaken by a subcommittee of the Board of Directors.

Aishihik Lake Fisheries Study

YEC contributed $100,000 towards a fisheries study conducted by the Yukon Department of Renewable Resources at Aishihik Lake. Preliminary findings from the first summer of field study indicate that several year-classes of whitefish are missing or depressed, but lake trout and other fish species are reasonably healthy. The cause of the whitefish recruitment problem could not be identified and YEC will contribute money to further studies in 1992 to determine the specific cause. Mitigation, if required, could include adjustment of the operating regime of the reservoir or the construction of a hatchery facility to ensure that whitefish reproduction continues.

Otter Falls on the East Aishihik River.

Environmental Impact Studies

The Corporation reaffirmed its commitment to undertake environmental studies in preparation for the renewal of the Aishihik water license, which expires in 2002. A scoping analysis will be done for these projects in early 1992.

During the past year the Corporation assisted with three projects in the area of fisheries and salmon enhancement.

Outdoor observation platform at the Whitehorse Rapids Fishway.

Whitehorse Fishway

The Corporation covered some of the direct operational costs of the fish viewing facility, which was originally constructed with economic development agreement funds. The viewing facility is located at the Whitehorse Dam fish ladder. It is the second most visited tourist attraction in the City of Whitehorse after the SS Klondike. During the 1991 season more than 31,000 people toured the fishway to view the migration of salmon through the ladder to their spawning grounds upstream of the Whitehorse Dam.

Whitehorse Fish Hatchery

Although the hatchery has never been officially designated by the Federal Minister of Fisheries and Oceans as a mitigative requirement, the Corporation, in conjunction with the Yukon Fish and Game Association with funding provided through the Economic Development Agreement between the Government of Canada and the Government of the Yukon, continues to operate the facility. It contributes to the enhancement of the Yukon River salmon run by raising up to 350,000 salmon fry annually.

Mayo Salmon Enhancement

In 1991, the Mayo Renewable Resource Council sponsored a program to establish salmon incubation boxes to enhance the salmon run on the Mayo and Stewart Rivers. The incubation boxes are located adjacent to the power house at YEC's Mayo facility. The Corporation has provided a source of running water and funding assistance to support the project. It is expected that the first fry will be released in the spring of 1992. Indications are that the Mayo Renewable Resource Council will continue to expand the facility to further enhance the salmon run.

(Above & Below) Boreal Alternative Energy Society Wind Monitoring Site on Hackel Hill.

(Left) Removing Eggs for the Whitehorse Fish Hatchery.

Other Environmental Concerns

New systems to protect against oil or fuel spills at YEC's facilities were installed this year. The Corporation also embarked on an active program of energy conservation within YEC facilities, which focused on the use of waste heat from diesel generators to replace electric or fossil fuel space heating.

Alternative Energy

More money was invested in wind monitoring conducted by the Boreal Alternative Energy Society in the Whitehorse area. Wind monitoring will be expanded to two other communities in 1992. In addition, YEC has committed to be a sponsor of Yukon College's wind and solar demonstration project located at the Northern Research Institute.

AISHIHIK LAKE

The Aishihik Lake dam and power plant was constructed by the Northern Canada Power Commission and commissioned in 1975. The facility was designed as a multi-year storage reservoir with a 30-MW plant capable of generating an average of 100 GWh / year.

Summer precipitation and groundwater inflows are stored at the Aishihik Lake reservoir during the summer months. During the winter, when reduced flows on the Yukon River decrease the capacity of the Whitehorse Rapids plant from 40 MW to 20 MW or less, the Aishihik reservoir is drawn down to provide base load hydro generation. During the winter months, Aishihik becomes the largest generating plant on YEC's system.

The nine-foot water storage range on Aishihik Lake was granted to the Northern Canada Power Commission in 1977 by the Yukon Territory Water Board after conducting public hearings. Under the current management regime at Aishihik Lake, YEC attempts to maintain the water level in the bottom half of the storage range to leave room in the reservoir for water collected during a wet year. Once the reservoir has reached its maximum storage level, water must be allowed to spill out of the lake without being used for electric generation. This is energy that may have to be replaced by additional diesel generation during a future dry weather period.

(Top) Aishihik Canal.

(Above) Aishihik Lake control structure.

(Right) Erosion control work near Aishihik Village.

Diesel generation is expensive in comparison to energy produced by existing hydro plants. It also produces CO_2 emissions, which contribute to global warming. In order to reduce environmental and rate impacts, the Corporation has set plant efficiency as the primary concern in the operation of the Aishihik system.

Over the past two years, there has been increasing pressure from the environmental community to review the management regime at Aishihik Lake. The current operation of the system has led to a range of environmental concerns resulting from the winter drawdown of the reservoir and the impact of low water conditions on fish habitat and breeding grounds. In response to these concerns, YEC contributed $100,000 in 1991 towards the funding of a fisheries study conducted by the Yukon Department of Renewable Resources. Preliminary findings from the first summer of field study indicate that there is a problem with whitefish recruitment in Aishihik and adjoining Sekulmun Lake. Several year classes are either depressed or missing. YEC has commissioned a second year of field study to better determine the cause of the recruitment problem. Trout and other fish species in the lake have been found to be reasonably healthy. However, the problem with the whitefish may upset the ecological balance of the lake and lead to decreased food stocks for trout and other fish species.

Other environmental problems identified at Aishihik Lake include creek mouth scouring due to winter drawdown, shoreline erosion at the north end of the lake due to wave action at high water levels, and ground erosion due to seepage from the intake canal. Low water levels have also caused water access problems at the Aishihik Village.

(Top) Bypass tunnel at Aishihik Plant.

(Above) Turbines in underground plant at Aishihik.

YEC is committed to mitigating the environmental and socio-economic impacts of electric generation. In addition to funding the fisheries study, the Corporation contracted the Champagne-Aishihik First Nation to undertake erosion control work in the Aishihik Village area in 1990 and 1991. In 1992, the Corporation will initiate a review of its management regime to respond to environmental concerns.

Heavy precipitation and ground water inflows in 1991 refilled the reservoir from lower levels to its maximum licensed level for the third time in ten years. The Corporation estimates that the reservoir will be full again in the fall of 1992 and will remain in the top half of the storage range until the spring of 1993. Any decision to reduce the storage range of the reservoir, or to maintain the reservoir at a higher level by reducing the annual generation from the plant, will have to be reviewed in the context of broader environmental concerns. Reduced generation may mitigate some of the environmental impacts at Aishihik Lake, but will also result in increased diesel generation and air emissions, which is of equal concern to the environmental community. Economic factors must also be reviewed. In 1991, the Aishihik plant produced 148 GWh of electricity and is scheduled to produce a further 150 GWh in 1992. A decision to reduce the storage range or winter drawdown could result in a decrease of 50 GWh of energy production, which would cause an 8 per cent rate impact on consumers.

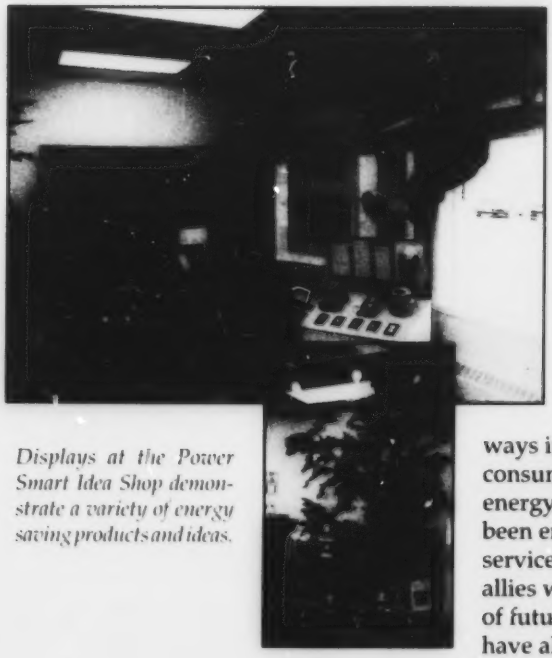
(Above) The Aishihik operations complex and head frame.

(Left) Penstock opening at Aishihik Canal.

(Below) Aishihik Village.

DEMAND-SIDE MANAGEMENT

YEC conducted a pilot year for demand-side management (DSM) in 1991. DSM is defined as any activity undertaken by a utility to change its load shape in order to shift daily or seasonal peaks or to reduce load. The Corporation focused on conservation programs this past year as a way to decrease energy usage by consumers and to reduce the capacity requirements of the utility.

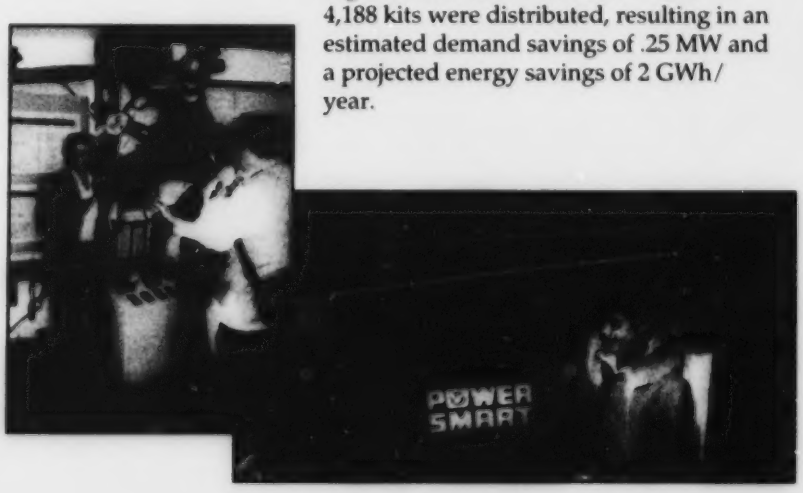


Displays at the Power Smart Idea Shop demonstrate a variety of energy saving products and ideas.

The Corporation became a member of Power Smart Inc. in December 1990. As one of 14 members of this national demand-side management organization, YEC has access to DSM program models from other utilities. Using this information resource, YEC launched an information program in August 1991 based at the Power Smart Idea Shop. The Shop was designed as a store-front information centre with displays, publications and staff trained to assist consumers in identifying ways in which they can reduce their electrical consumption. Local retailers and distributors of energy-efficient products and services have also been encouraged to display their products or service information at the Shop. These new trade allies will become an important part of the delivery of future product-based DSM programs. Shop staff have also developed a mobile display for use at trade fairs and other public events.

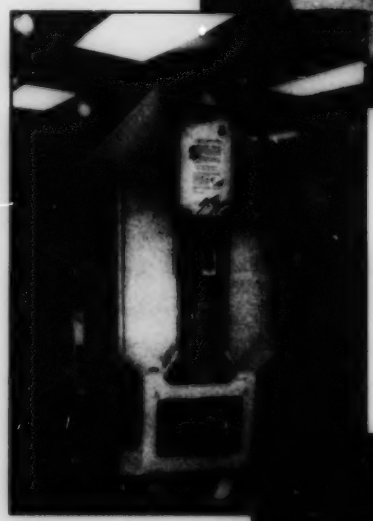
Two pilot programs were conducted during this past year. The Hot Water Saver Program subsidized the cost of kits containing a low-flow showerhead, kitchen and bathroom tap aerators and tap washers. The kit had a retail value of approximately $40 and was sold through regular retail outlets for $10. A total of 4,188 kits were distributed, resulting in an estimated demand savings of .25 MW and a projected energy savings of 2 GWh/year.

The Grand Opening of the Power Smart Idea Shop.



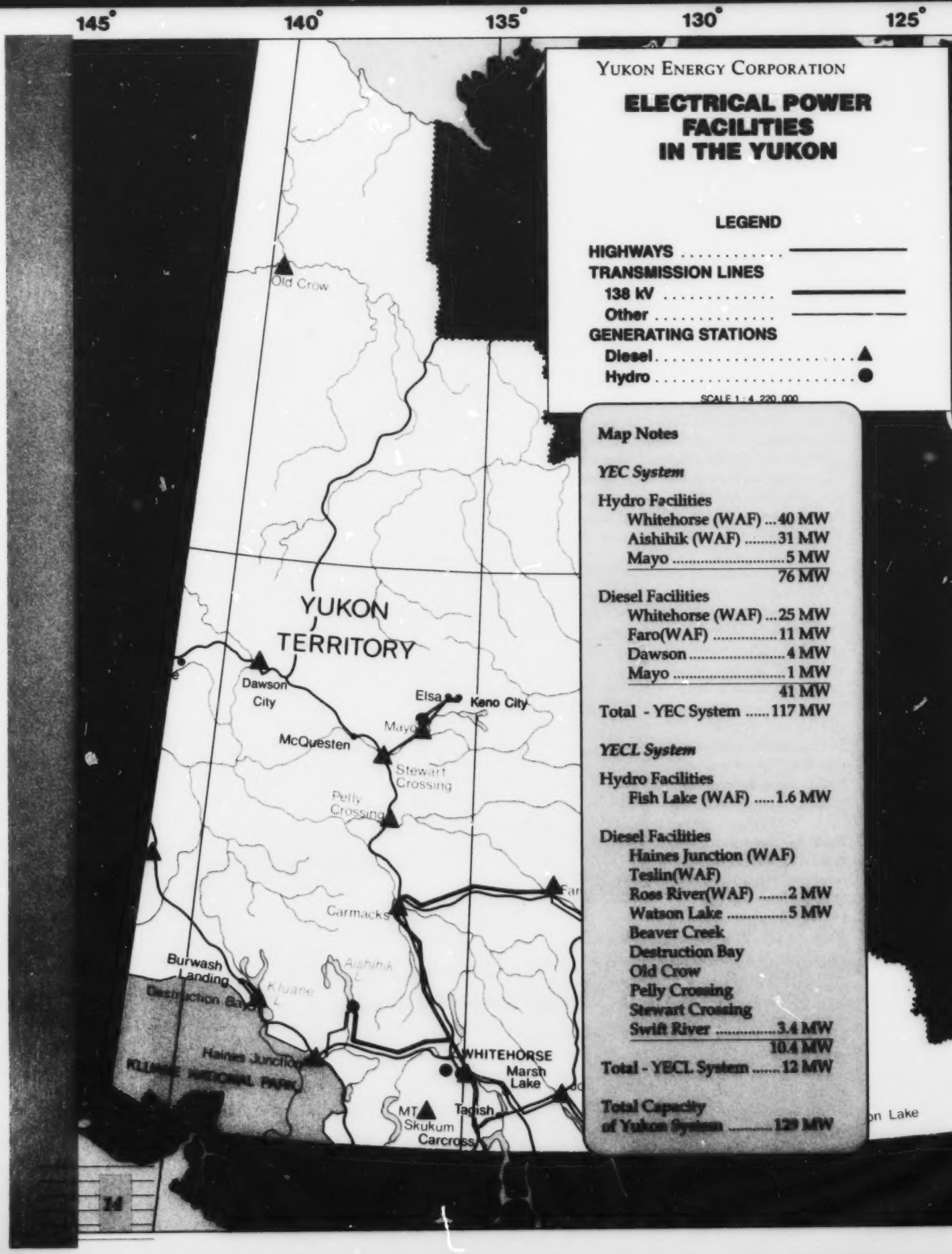
The Power Saver Cord Program promoted the use of thermostatically-controlled cords, which attach to a vehicle engine and regulate the electrical consumption of the block heater. A total of 3,225 units were sold on an at-cost basis for $7 by participating retailers and gas stations. The program resulted in a capacity savings of .23 MW and energy savings of .8 GWh/year.

DSM planning work in 1991 included the commissioning of a program design study by BC Hydro and the drafting of a five year strategic plan for demand-side management in the Yukon. The plan calls for the introduction of strategic conservation programs in 1992 and 1993 and the introduction of fuel switching programs in 1994 and 1995. It is estimated that a $7 million investment in DSM over the next ten years could result in a total capacity savings of 8 MW and energy savings of 26 GWh/year by the year 2000. By comparison, it would cost 40 to 60 million dollars to install 8 MW of new hydro capacity in the Yukon.



The Power Smart Idea Shop hosts a number of school tours.

Plans for the development of DSM will be reviewed by the Yukon Utilities Board at the Capital Hearing in 1992. DSM will be developed as a joint venture between Yukon Energy Corporation and The Yukon Electrical Company Limited. Joint programming between the two utilities will begin in 1992 with the introduction of the Lighting Program, which is primarily aimed at commercial customers, and the Smart Home Program, which is designed to meet the needs of residential customers.


145°
140°
135°
130°
125°
YUKON ENERGY CORPORATION
ELECTRICAL POWER FACILITIES IN THE YUKON
LEGEND
HIGHWAYS
TRANSMISSION LINES
138 kV
Other
GENERATING STATIONS
Diesel
Hydro
SCALE 1 : 4 220 000
Old Crow
YUKON TERRITORY
Dawson City
Elsa
Keno City
Mayo
McQuesten
Stewart Crossing
Pelly Crossing
Carmacks
Burwash Landing
Destruction Bay
Kluane L.
Aishihik L.
Haines Junction
KLUANE NATIONAL PARK
WHITEHORSE
Marsh Lake
MT Skukum
Tagish
Carcross
14
Map Notes
YEC System
Hydro Facilities
Whitehorse (WAF) ... 40 MW
Aishihik (WAF) ..... 31 MW
Mayo ..... 5 MW
76 MW
Diesel Facilities
Whitehorse (WAF) ... 25 MW
Faro(WAF) ..... 11 MW
Dawson ..... 4 MW
Mayo ..... 1 MW
41 MW
Total - YEC System ..... 117 MW
YECL System
Hydro Facilities
Fish Lake (WAF) ..... 1.6 MW
Diesel Facilities
Haines Junction (WAF)
Teslin(WAF)
Ross River(WAF) ..... 2 MW
Watson Lake ..... 5 MW
Beaver Creek
Destruction Bay
Old Crow
Pelly Crossing
Stewart Crossing
Swift River ..... 3.4 MW
10.4 MW
Total - YECL System ..... 12 MW
Total Capacity of Yukon System ..... 129 MW

REVIEW OF OPERATIONS

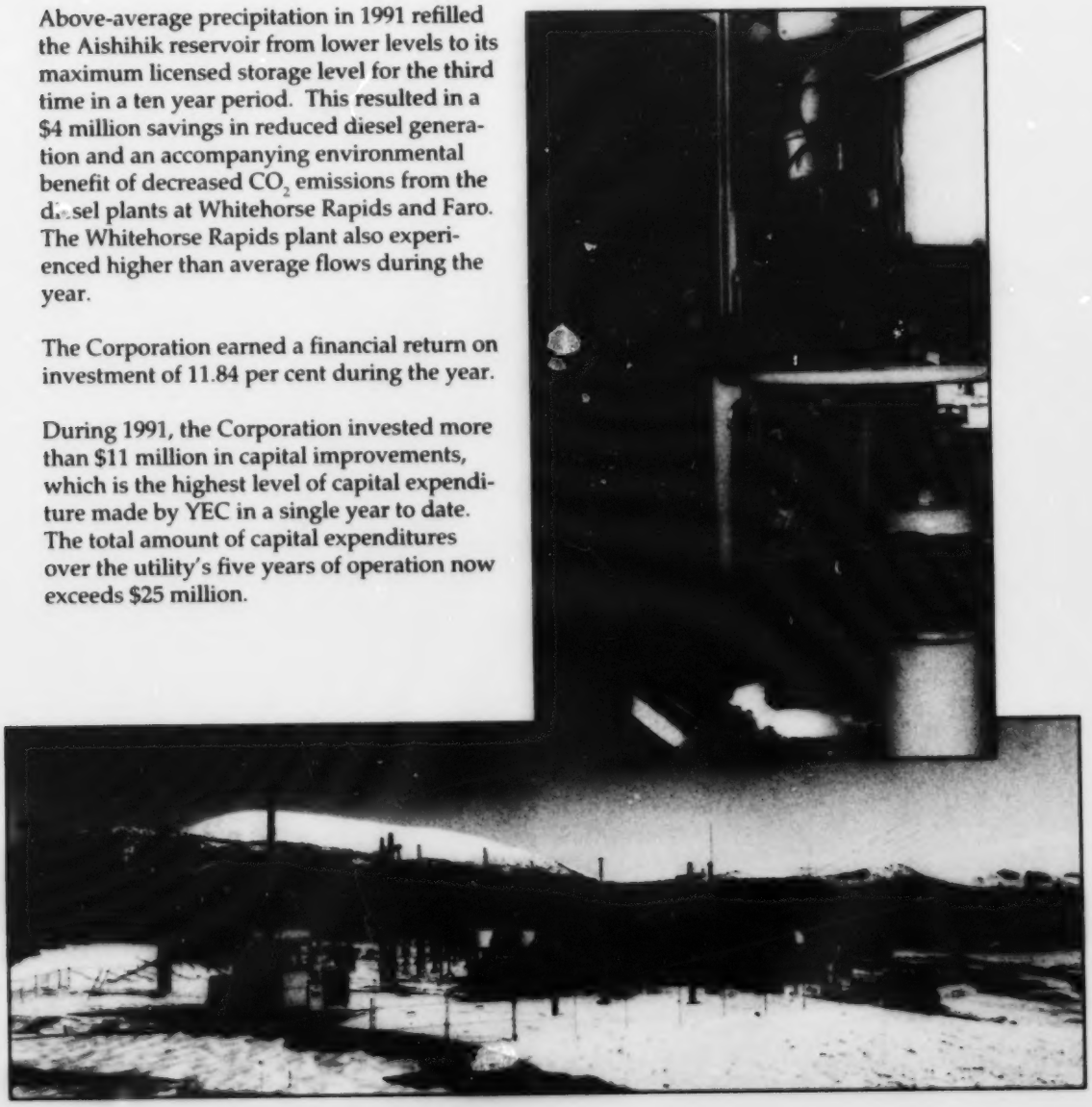
Highlights from 1991

This year, YEC filed its second general rate application (GRA) with the Yukon Utilities Board (YUB). The GRA covered the 1991/1992 test years and was the first requested rate increase since the Corporation was founded in 1987. The YUB hearings took place in November and a decision was rendered in January 1992.

Above-average precipitation in 1991 refilled the Aishihik reservoir from lower levels to its maximum licensed storage level for the third time in a ten year period. This resulted in a $4 million savings in reduced diesel generation and an accompanying environmental benefit of decreased CO_2 emissions from the diesel plants at Whitehorse Rapids and Faro. The Whitehorse Rapids plant also experienced higher than average flows during the year.

The Corporation earned a financial return on investment of 11.84 per cent during the year.

During 1991, the Corporation invested more than $11 million in capital improvements, which is the highest level of capital expenditure made by YEC in a single year to date. The total amount of capital expenditures over the utility's five years of operation now exceeds $25 million.

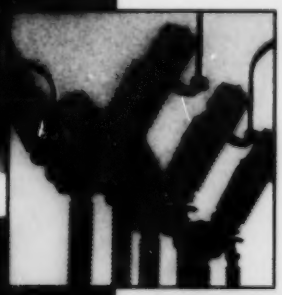


PAST CAPITAL EXPENDITURES

The largest single project undertaken by YEC over the past five years was the rebuilding of the Mayo Lake regulating dam in 1988 and 1989. Other major upgrading and repair work on hydro facilities has been completed at the Whitehorse Rapids plant, the Aishihik plant and the Mayo Wareham dam and power plant.

New diesel generators have been installed on the Whitehorse/Aishihik/Faro system and in off-grid communities. Diesel installations have provided an additional 6 MW of peaking capacity in Faro, 3 MW of base load capacity in Whitehorse and 1 MW of capacity in Dawson City.

Considerable expenditures have also been made on hydro reconnaissance, which has been oriented towards the identification of potential hydro sites in load centres or near the WAF grid system. This reconnaissance has led to further planning work on a number of sites.



MAJOR CAPITAL PROJECTS IN 1991

A new base load, fuel-efficient 3.3 MW diesel generator was installed at the Whitehorse Rapids diesel plant. The new generator has an advanced muffler system to reduce noise and also has a waste heat recovery system. Waste heat is being used to meet heating requirements at both the plant and the dam, and to replace electric block heaters on other diesels at the station. The project cost $2.57 million.

The Faro substation was rebuilt to meet current electrical and safety standards and to improve power quality in Faro. The distribution system in the community was also converted from 12.5 kV to 25 kV, which will further improve power quality and will reduce line losses. The project cost $1 million.

An underwater concrete wall was built at the Whitehorse Rapids power plant to cover a seam of porous rock which is causing leakage from the Schwatka Lake reservoir near the intake for the #4 turbine. Work will continue on this project for a period of several years. Project costs to date have been $0.75 million.

A new medium speed 1 MW diesel generator was installed in Dawson City to replace an older 300 kW unit. The new generator will improve the fuel efficiency of the plant and will provide increased capacity to meet Dawson's growing load requirements. The installation cost $0.32 million.

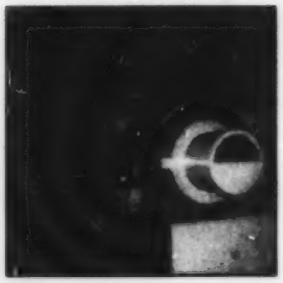
A new Supervisory Control and Data Acquisition (SCADA) system is being installed to improve the control and operation of the WAF grid system. The project will also improve power quality and reliability and will be completed by the end of 1992. The installation will cost over $1 million.

Repair work at the Mayo hydro plant included the rebuilding of the intake structure at Wareham Lake and the stabilization of the rock hillside beside the structure. The repair work cost $0.5 million.

Extensive studies were conducted on proposed hydro sites at Surprise Lake (near Atlin), and Moon Lake, (near Carcross). These studies, along with other hydro reconnaissance work conducted throughout the Yukon cost $0.75 million.

Other capital improvements to YEC's system in 1991 included the development of the diesel repair shop and increased fuel storage at Whitehorse and Faro, the upgrading of fire prevention systems in diesel generation plants and the repair of erosion protection installations at the Marsh Lake control structure. Together, this work cost $0.75 million.

Environmental work in 1991 included the Aishihik Lake fisheries study, an evaluation of the weirs on the Aishihik system, improved fuel and oil spill recovery systems and continued dam and canal safety monitoring.



New Diesel at Whitehorse Rapids Plant

REGULATORY MATTERS

The Corporation is subject to regulation by the Yukon Utilities Board and the Yukon Territory Water Board. Plans for new supply projects or other types of land use are also subject to review through the Environmental Assessment and Review Process.

In 1991, the Corporation submitted its second general rate application to the Yukon Utilities Board with hearings taking place in November. Three YUB hearings are planned, including a cost-of-service and rate design hearing in the spring of 1992, a hearing to review plans for the Corporation's capital development in the fall of 1992 and general rate application hearings in the winter of 1992/93 for the 1993/1994 test years.

During 1991, the Corporation appeared before the Yukon Territory Water Board to request an amendment to its Aishihik water licence. The current licence contains a provision requiring a daily increase in water flow over Otter Falls, which is a tourist attraction on the East Aishihik River just below Aishihik Lake. The release of additional water from the reservoir represents a cost of $0.5 million per year in lost potential to reduce diesel generation. The Water Board approved a temporary amendment to the water licence to curtail the additional summer flows over Otter Falls. The Corporation will request a permanent amendment to the water licence in 1992.

(Above) Power Smart Trade Show Displays.

(Right) Reconnaissance Trips.

RISKS AND UNCERTAINTIES

The Yukon's expansive and rugged geography, harsh climate and widely scattered population has led to the development of an electrical system with relatively small generation facilities and an extensive transmission network. This type of system has inherent power quality problems.

Annual weather patterns also have an effect on YEC's operations. The above-average rainfall and warm winter temperatures in 1991 have both increased the level of available hydro generation and reduced the system's load requirements. The system must be designed, however, to provide adequate generation during dry years and meet peak requirements during cold winter periods.

During the 1991 general rate application hearing, YEC presented a proposal for the operation of a low water reserve. This financial reserve was conceived in 1987 to buffer consumers from cost variances in production between low water and high water years. During 1991, $13,000 was placed in the reserve due to higher than normal water flows.

In addition to uncertainties caused by Yukon's geography and climate, there is also an additional financial risk associated with YEC's only major industrial customer, Curragh Inc. This company consumes over 40 per cent of the electricity generated annually by the Corporation. The loss of this single customer would have a dramatic impact on the Yukon's market for electricity. To protect consumers from rate impacts and to protect the financial viability of the utility itself, the Corporation must take a future shutdown of the Faro mine into consideration in all load forecasting and capital development planning.

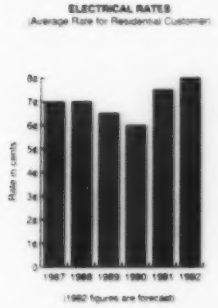
(Above) Public meetings in Atlin regarding the proposed Surprise Lake Hydro Project.

(Left) A runner from the Power Smart Road Relay Team.

AGREEMENTS AND CONTRACTS

During 1991, the Corporation negotiated an amendment to the supply contract with Curragh Inc. The company's consumption has steadily increased over the past few years and could have caused financial problems for YEC. The amended agreement requires Curragh to pay the cost of diesel generation for additional power. This will assist the Corporation in its long-term planning and will ensure that fluctuations in Curragh's load does not effect the rates charged to other customers. The supply agreement expires in March 1993.

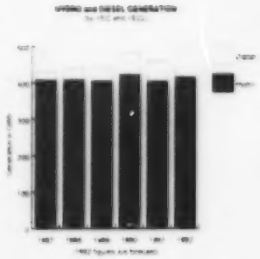
The other major agreement made in 1991 was the extension of the management agreement between the Corporation and YECL. The Corporation's assets have been managed for the past five years by YECL and its owner, Canadian Utilities. The agreement has been extended for a further period of five years until March 31, 1997.


ELECTRICAL RATES
(Average Rate for Residential Customer)
Rate in cents
1987 1988 1989 1990 1991 1992
(1992 figures are forecast)

YUKON ENERGY GENERATION

(WAF, Dawson and Mayo)
in GWh

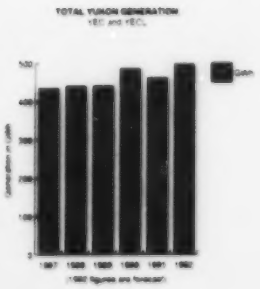
	1991	1990	1989	1988	1987
Whitehorse Rapids generation	236	250	254	218	252
Aishihik generation	148	153	127	146	114
Mayo generation	11	10	17	33	34
Total Hydro	395	413	398	397	400
WAF diesel	26	33	8	5	1
Dawson Diesel	9	11	10	9	8
Total Diesel	35	44	18	14	9
Total Generation	430	457	416	414	409
% Hydro	91.9	90.3	95.7	96.6	97.8
% Diesel	8.1	9.7	4.3	3.4	2.2



ANALYSIS OF OPERATING RESULTS

During 1991, generation from Whitehorse Rapids and Aishihik continued at above long-term average levels. Wet weather during the summer allowed this to occur, and as a result, YEC's General Rate Application was amended in October 1991 to reflect this increased hydro generation and the potential for increased generation during 1992.

Hydro generation in 1991 amounted to 91.9 per cent of the Corporation's requirements, with diesel providing the remaining 8.1 per cent. Total generation declined 27 GWh in 1991 due to the cutback in operations at Faro during the summer of 1991 when workers at the mine were on strike. This decline indicates the reliance on Curragh as a customer on the system. (Note 11 of the financial statements discusses the Corporation's dependence on Curragh in more detail.)



YUKON ENERGY CORPORATION FINANCIAL SUMMARY

(Dollars in thousands)

	1991	1990	1989	1988	1987
Net Income	$5,927	$5,342	$5,503	$9,595	$4,402
Return on equity *(net income/average shareholder's equity)*					
	11.84%	12.00%	12.75%	21.49%	14.00%
Property, Plant & Equipment					
Gross	118,326	107,073	102,369	96,795	94,981
Net	107,176	98,871	96,749	93,207	93,401
Total Assets	111,658	107,358	102,962	100,058	103,402
Capitalization					
Long-term debt	55,150	56,550	57,950	53,850	55,250
Shareholders Equity	52,901	47,181	41,871	44,473	44,835
Total capitalization	108,051	103,731	99,821	98,323	100,085
Capitalization ratios *(at December 31)*					
Long-term debt	51.04%	54.52%	58.05%	54.77%	55.20%
Shareholders equity	48.96%	45.48%	41.95%	45.23%	44.80%
Interest expense	4,635	4,580	4,545	4,153	3,190
Interest coverage	2.28	2.17	2.21	3.31	2.38

ANALYSIS OF FINANCIAL RESULTS

The Corporation's net income amounted to $5,927,000 in 1991. Although this represents an increase of $585,000 over 1990 earnings, the return on common equity declined from 12 per cent in 1990 to 11.84 per cent in 1991. During 1991, the gross property plant and equipment increased from $107 million to $118 million; an increase of 10.5 per cent. This increase in gross property plant and equipment represents YEC's continuing commitment to upgrading its facilities.

Total long-term debt declined from $56.5 million to $55.2 million during the year. It is expected that during 1992, or early 1993, significant borrowing will be required to support new capital development.

In addition, the long-term debt to equity ratio improved from 55:45 to 51:49. It is expected that this ratio will decline in 1992 or early 1993 with the planned borrowing. Interest coverage ratios improved due to the decline in the amount of the outstanding long-term debt, increasing from 2.15 in 1990 to 2.27 in 1991. The healthy debt:equity and interest coverage ratios puts the Corporation in an excellent position for future borrowing.

STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying financial statements of Yukon Energy Corporation have been prepared in accordance with generally accepted accounting principles applicable in Canada. The Corporation's accounting policies are described in the Summary of Significant Accounting Policies.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared, within reasonable limits of materiality, and in light of information available up to December 31, 1991. The information presented elsewhere in the annual report is consistent with that in the financial statements.

Management maintains a system of internal controls, designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis.

The operating division, managed by Canadian Utilities/The Yukon Electrical Company Limited, is audited separately by Price Waterhouse, Chartered Accountants, of Edmonton, Alberta. Price Waterhouse reports to Yukon Energy Corporation's Board of Directors and meets with the Audit Committee. The Auditor General of Canada utilized the work of Price Waterhouse in forming an opinion on the Corporation's financial statements. The Auditor's Report outlines the scope of his examination and opinion.

AUDIT COMMITTEE REPORT

The Board of Directors, through the Audit Committee, is responsible for ensuring that management fulfils its responsibilities to them. The Committee's duties include reviewing the financial statements, reviewing the scope of the external audit and discussing any major observations made by the auditor during the course of the audit.

During the year, the Audit Committee met with staff of the Office of the Auditor General of Canada, and the staff of Price Waterhouse, Chartered Accountants. The information contained in this annual report has been reviewed by the Audit Committee and recommended for approval by them. The Audit Committee had full access to the auditor, both internal and external.

AUDITOR'S REPORT

To the Board of Directors and Executive Council Member responsible for the Yukon Energy Corporation:

I have audited the balance sheet of the Yukon Energy Corporation as at December 31, 1991 and the statements of income, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted an audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material aspects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

February 21, 1992
Ottawa, Canada

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS *(thousands of dollars)*	1991	1990
Capital assets		
Property, plant and equipment (Note 3)	$ 107,176	$ 98,871
Current assets		
Cash and short-term investments	66	4929
Accounts receivable	2,488	2,133
Inventories	809	654
Prepaid expenses	272	227
	3,635	7,943
Deferred fuel price adjustment (Note 4)	847	544
	$ 111,658	$ 107,358
LIABILITIES		
Long-term debt (Note 5)		
Government of Canada	$ 48,250	$ 49,650
Yukon Development Corporation	5,500	5,500
	53,750	55,150
Current liabilities		
Accounts payable (Note 6)	1,974	2,269
Interest payable	997	1,036
Due to Yukon Development Corporation	191	57
Current portion of long-term debt (Note 5(a))	1,400	1,400
	4,562	4,762
Contributions for extension to plant	445	265
	58,757	60,177
SHAREHOLDER'S EQUITY		
Share capital (Note 7)	39,000	39,000
Contingency reserve (Note 8)	2,263	2,250
Retained earnings	11,638	5,931
	52,901	47,181
	$ 111,658	$ 107,358

Commitments (Note 9)
Contingencies (Note 12)

Approved by the Board:

Chair _____ Director _____

YUKON ENERGY CORPORATION

STATEMENT OF RETAINED EARNINGS: YEAR ENDED DECEMBER 31, 1991

(thousands of dollars)	1991	1990
Balance at beginning of year	$ 5,931	$ 621
Add: Net income	5,927	5,342
	11,858	5,963
Deduct:		
Power rate relief subsidy payments (Note 2(f))	220	32
	220	32
Balance at end of year	$ 11,638	$ 5,931

STATEMENT OF INCOME: YEAR ENDED DECEMBER 31, 1991

(thousands of dollars)	1991	1990
Revenue		
Sale of power	$ 23,456	$ 21,235
Other	76	70
	23,532	21,305
Expenses		
Operation and maintenance	7,521	7,042
Amortization of capital assets	2,980	2,583
Administration	2,314	1,776
Management fee	719	695
Board expenses	28	22
Amortization of deferred costs	-	29
	13,562	12,147
Operating income	9,970	9,158
Financial expense (income)		
Interest expense - on long-term debt	4,635	4,580
- other	-	77
Interest income	(592)	(841)
	4,043	3,816
Net income	$ 5,927	$ 5,342

(thousands of dollars)	1991	1990
Cash provided from operating activities		
Net income	$ 5,927	$ 5,342
Items not requiring an outlay of cash		
Amortization of capital assets	2,996	2,597
Amortization of contributions	(16)	(14)
Amortization of deferred costs	-	29
Transfer to low water reserve	13	-
Change in non-cash components of working capital	(755)	367
	8,165	8,321
Cash required for investing activities		
Addition to capital assets	11,297	4,722
Proceeds from disposal of capital assets	4	(3)
	11,301	4,719
Cash provided from (used in) financing activities		
Contributions for extension to plant	196	139
Deferred fuel price adjustment	(303)	(544)
Repayment of long-term debt	(1,400)	(1,400)
Power rate relief subsidy payments	(220)	(32)
	(1,727)	(1,837)
Increase (decrease) during the year	(4,863)	1,765
Cash and short-term investments Beginning of the year	4,929	3,164
End of the year	$ 66	$ 4,929

[illegible]

The Corporation was established under the Yukon Business Corporations Act in March 1987 and is a wholly-owned subsidiary of the Yukon Development Corporation, a Crown corporation. The Corporation was granted a public utility franchise and was formed to acquire and operate the assets of the Northern Canada Power Commission in the Yukon, which were acquired on March 31, 1987. The Corporation entered into a management agreement with The Yukon Electrical Company Limited and its parent, Canadian Utilities Limited, for the operation of these facilities.

The Corporation is engaged in the generation, transmission, distribution and sale of electric energy in the Yukon Territory, and is regulated by the Yukon Utilities Board, which administers acts and regulations covering such matters as rates and accounting.

Under the terms of the management agreement, Canadian Utilities Limited has to account to the Corporation, on a monthly basis, for the income from the sale of electricity and the expenses incurred in operating, maintaining and managing the system. The income from sale of power and the related operation, maintenance and administration expenses included in the statement of income reflect this accounting from Canadian Utilities Limited.

[illegible] Summary of Significant Accounting Policies

The more significant accounting policies of the Corporation are as follows:

a) Inventories

Inventories are valued at lower of cost and replacement value.

b) Capital Assets

Property, plant and equipment are stated at cost less accumulated amortization. Provisions for amortization are based on the straight line method over the estimated economic life which for the principal classes of assets are:

Generation			
Hydroelectric plants	40 - 65 years	Distribution	20 - 30 years
Diesel plants	15 - 25 years	Buildings	20 - 30 years
Transmission	25 - 35 years	Office and general equipment	5 - 15 years

The Corporation includes in the cost of additions an allowance for funds used during the construction at a rate approved by the Yukon Utilities Board for debt and equity funds.

Certain additions are made with the assistance of cash contributions where the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. These contributions are recorded when received from customers and are amortized on the same basis as, and offset the amortization charge of, the assets to which they relate.

c) Revenue Recognition

Revenue from the sale of power is accrued in respect of electricity delivered but as yet unbilled. Significant additional revenues or refunds resulting from Yukon Utilities Board decisions are recorded in the year to which they relate.

d) Deferred fuel price adjustment

The Corporation is authorized by Order In Council 1991-62 to adjust its rates to reflect fluctuations in the price of diesel fuel, in accordance with procedures determined by the Yukon Utilities Board. Consequently, the Corporation may defer significant fluctuations in diesel fuel expense due to unusual circumstances or events, and regulate that the deferred amount be recovered over a specific future period through revised rates to be charged to customers.

e) Contingency reserve

The Corporation maintains a reserve for uninsured losses and additional costs from low water levels or shutdowns. Changes to this reserve are reflected in the statement of income.

At the time of filing of a General Rate Application with the Yukon Utilities Board, a standard for hydraulic generation is established. If hydraulic generation falls below the standard, the reserve is decreased by the cost of diesel generation required to make up the shortfall. If hydraulic generation is in excess of the standard, the reserve is increased to reflect the savings equivalent to the projected cost of diesel generation. Diesel expense on the statement of income will be decreased or increased correspondingly.

f) Power rate relief subsidy payments

During 1991, the Yukon Government instituted a Bill Relief Program. The total paid under this program was $219,776 which was charged to retained earnings consistent with the Regulations.

3 Property, Plant and Equipment

(thousands of dollars)	Cost	Accum. Amortization	1991 Net	1990 Net
Hydro electric and diesel plants	$ 98,777	$ 8,804	$ 89,973	$ 86,888
Transmission	9,561	1,494	8,067	6,434
Distribution	4,768	614	4,154	3,078
Buildings, office and general equipment	2,109	238	1,871	1,719
Land	86	-	86	86
Work in progress	2,602	-	2,602	647
Demand Side Management Costs	423	-	423	-
	$ 118,326	$ 11,150	$ 107,176	$ 98,871

Included in work in progress is $85,345 (1990 - $48,000) as an allowance for funds used during construction.

4 Deferred Fuel Price Adjustment

The Corporation's diesel fuel expenses were $544,190 in excess of budgeted costs during 1990 and $303,000 during 1991. Under normal circumstances these amounts would be recovered from consumers through the application of a fuel price adjustment in the subsequent year. These variances, however, resulted from the Gulf War and the Corporation has decided to delay recovery from electrical consumers until after 1992.

However, a decision of the Yukon Utilities Board in January 1992 requires that the Corporation commence to collect this amount over a twelve month period commencing February 1992. This results in an additional charge to customers of $0.0018 per kWh which will cease upon collection of the amount deferred.

5 Long Term Debt

a) Government of Canada

The following debt was part of the consideration given in 1987 to aquire the assets of Northern Canada Power Commission.

(thousands of dollars)	1991	1990
Flexible term note 7% maturing January 1, 2028	$ 36,250	$ 37,250
Term note 9% maturing March 31, 1997	14,800	15,200
	51,050	52,450
Less payments made in the year	1,400	1,400
	49,650	51,050
Portion due within one year	1,400	1,400
	$ 48,250	$ 49,650

Payments of principal under the terms of the $40 million flexible term note are annual instalments of $1 million commencing December 31, 1988. The terms of the flexible term note also provide for payments of principal and interest to be deferred and abated respectively if sales of power on the Whitehorse-Aishihik-Faro (WAF) electric power distribution system are less than specific amounts.

Payments of principal under the terms of the $16 million term note are nine annual instalments of $400,000 commencing March 31, 1988 with the balance due on March 31, 1997.

Canada has been provided with security for these debt obligations in the form of a mortgage against the acquired assets.

(b) Yukon Development Corporation

The long-term debt of $5.5 million to Yukon Development Corporation was issued on July 31, 1989 and bears interest at 11 3/8% which was the Corporation's estimate of its long-term borrowing rate at that time. This debt is unsecured and with no specific terms of repayment.

7 Rate Matters

In a final decision dated January 1992, the Yukon Utilities Board set revenue requirements for 1991 and 1992. This decision resulted in a revenue refund of $232,000 for 1991 which was recorded in accounts payable at December 31, 1991. This amount will be refunded during 1992.

8 Share Capital

Authorized share capital consists of an unlimited number of a single class of shares with no par value. Yukon Development Corporation purchased all of the 3,900 issued and outstanding shares for a total consideration of $39 million.

9 Contingency Reserve

(thousands of dollars)	1991	1990
Reserve for uninsured losses	$ 250	$ 250
Low water reserve		
Balance at beginning of year	2,000	2,000
Increase	13	-
Balance at end of year	2,013	2,000
	$ 2,263	$ 2,250

In 1991, actual hydraulic generation was 384,372,640 kwh or 134,064 kwh in excess of 1991 standard for hydraulic generation approved by the Yukon Utilities Board.

10 Commitments and Contractual Obligations

A management agreement for a term of five years was entered into on March 31, 1987 between Canadian Utilities Limited, The Yukon Electrical Company Limited and Yukon Energy Corporation for The Yukon Electrical Company Limited to operate the purchased assets. The agreement provides for a fee of $648,000 per year, adjusted annually by eighty percent of the percentage change in the consumer price index. The amount paid in 1991 was $719,000 (1990 was $695,000). The management agreement has been renewed for a further five years for a fee of $724,836 per year, adjusted in the same manner, commencing April 1, 1992.

The estimated cost of completion for the capital projects approved and carried over into the next fiscal year is $1,400,000 (1990 - $1,830,000) of which $1,000,000 (1990 - $1,350,000) in outstanding contractual obligations on capital projects.

11 Related Party Transactions

(a) In addition to the transactions described in Notes 5 and 9, the Corporation has significant transactions with The Yukon Electrical Company Limited. These transactions and resulting balances comprise:

(thousands of dollars)	1991	1990
Sale of Power	$11,250	$11,292
Accounts payable	344	194

b) The Corporation also pays interest to its parent company, Yukon Development Corporation and this amounted to $625,622 (1990 -$629,000). This interest arises from a loan made to the Corporation (see note 5(b)) and from intercompany balances which arise from time to time.

c) In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation is related in terms of common ownership to all Yukon Government created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

11 Economic Dependence

A significant portion of the Corporation's sales, as summarized below, are to one major customer, Curragh Resources Inc. in respect of its operations at Faro:

(thousands)	1991		1990	
Sales (kwh)	161,137	42%	178,300	43%
Revenue ($)	8,372	36%	7,294	34%

The existing contract with Curragh Resources Inc. expires March 31, 1993.

Curragh is in negotiations with both the Government of Yukon and the Government of Canada seeking loan guarantees to support a major stripping program at their Grum ore deposit located near Faro. The financial assistance is being requested to ensure adequate long-term ore production at the Faro operation.

12 Contingencies

(a) In 1988, one of the Corporation's major customers, Curragh Resources Inc., filed a statement of claim with the Yukon Supreme Court claiming that the Corporation over-charged for power from the period January 1987 to November 1987. The Corporation has filed a statement of defense. The amount of the liability, if any, cannot be reasonably estimated at this time nor can the likelihood of the loss occurring be determined. Consequently, no amount has been accrued in these financial statements. Should a loss occur, it will be accounted for as a prior period adjustment.

(b) In 1991, Curragh Resources Inc. also filed a statement of claim with regards to charges billed by Yukon Energy Corporation to Curragh Resources Inc. during the strike at Curragh's Faro mine in 1991. Yukon Energy Corporation has filed a statement of defense and intends to defend this lawsuit vigorously. The amount of the liability, if any, cannot be reasonably estimated at this time, nor can the likelihood of the loss occurring be determined. Should a loss occur, it will be accounted for as a prior period adjustment.

13 Trust Funds

The Corporation holds in trust amounts to be refunded to residential and general service consumers in respect of Federal and Territorial Income Tax paid by The Yukon Electrical Company Limited and subsequently rebated. Interest earned on the fund will also be refunded to consumers.

(thousands of dollars)	1991	1990
Balance at beginning of year	$ 468	$ 493
Funds received during the year	826	700
Interest earned	50	75
Paid out	(857)	(800)
Funds held at the end of period	$ 487	$ 468

These amounts are not reflected in the financial statements.

Allowance for Funds Used During Construction (AFUDC): *A percentage amount added to Construction Work in Progress (CWIP) to compensate the utility for refunds used to finance new plant under construction prior to its completion. The AFUDC rate is based on the cost of borrowed funds used for construction and a reasonable allowance for equity funds when so used.*

Amortization: *A systematic writing-off of an amount in an account over a period of time.*

Avoided Costs: *The costs that an electric utility would otherwise incur to generate power if it did not purchase electricity from another source.*

Average Load: *The total production for the period divided by the hours in the period.*

Basis Point: *One one-hundredth of one percentage point, used in reference to interest rates or return on equity.*

Below the Line: *All income statement items of revenue and expense not included in determining net operating income. If the item falls below the net operating income line of the income statement, it is labelled a below-the-line item. Net operating income is "line" referred to.*

Bond Rating: *A quality rating assigned by rating agencies to the debt issued of a government or business as an indication of credit worthiness. Ratings range from AAA or A++, which represent the bonds of the highest investment quality, down to C for the lowest quality.*

Book Value: *The amount at which an item is recorded in the accounts of financial statements.*

Business Risk: *The risk associated with the nature of a particular business activity (as distinct from financial risk) for instance, a pipeline which supplies an essential service under a monopoly would have a smaller business risk than a resource exploration venture.*

Capacity Factor: *The ratio of the average load on a machine or equipment for the period of time considered, to the capacity rating of the machine or equipment.*

Capacity: *The maximum quantity of gas/electricity which can be produced, transported, stored, distributed, or utilized in a given period of time under design conditions.*

Capital Intensive: *A term used to designate a condition in which a relatively large dollar investment is required to produce a dollar of revenue.*

Capital Structure: *The composition of a corporation's invested capital as divided between equity (investor money) and debt (borrowed money). Long Term Debt and equity in the form of Common or Preferred Shares, are usually included in the capital structure.*

Common Equity: *The book value of a company's outstanding common shares including retained earnings or net of accumulated deficits.*

Construction Work in Progress (CWIP): *Plant (e.g. new generating plant, telephone exchange, transmission line, distribution line or central office) which is under construction by a utility but not yet completed.*

Contributions in Aid of Construction (CIAC): *Non-refundable payments or contributions from individuals, governmental agencies or others for construction or property additions, the cost of which would not otherwise be justified at standard rates.*

Cost of Capital: *The combined cost of interest on borrowed money, preferred stock dividends and an allowance for common stock earnings needed to finance the facilities used in supplying utility service.*

Cost of Service: *The total cost of providing utility services to the system or to the group therein (the latter is commonly referred to as an allocated cost of service). The cost components include operating expenses, depreciation, taxes and a rate of return adequate to service is synonymous with the revenue requirements of the system (or segment thereof)*

Cost of Service Study: *A study of the costs incurred by the utility in producing, transmitting, and distributing the service or energy to its customers, by customer class.*

Cycle Billing: *The Process of reading a segment of the system meters and billing that portion of the system's customer each day of a billing period. By the end of the cycle, the complete system is read and billed, and a new cycle begins. The customer reading on each day of the cycle will reflect the use for a full period so that the only customers up to date at the end of the accounting period are those read and billed as of the last day of the cycle. All other customers will have unread and unbilled consumptions of from one to thirty days, assuming a one-month cycle. This produces an unbilled revenue at the end of each accounting period.*

Deferred Fuel Costs: *The amount of fuel costs applicable to service rendered in one accounting period that will not be reflected in billing to customers until a subsequent accounting period. Balance-sheet deferral may be required to match these costs properly with related revenue.*

Demand Charge: *A monthly charge which normally covers the fixed costs or demand related costs of service. The demand charge is based on the daily volume available and is payable regardless of volume actually consumed.*

Demand Side Mangement (DSM): *Any activity by a utility which is designed to control or change energy use by consumers. In the Yukon, DSM is used to encourage onsumers to conserve electricity.*

Depreciation: *Refers to the loss in service value of utility plant not restored by current maintenance, which is incurred in connection with the consumption or prospective retirement of utility plant in the course of service. This is from causes which are known to be in current operation and against which the utility is not protected by insurance, including wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in technology, changes in demand and requirements of public authorities, and in the case of natural gas companies, the exhaustion of natural resources.*

Diversity Factor: *The sum of non-coincident demands of a group divided by the group coincident demand. For example: if two customers have 1 kW of demand each but at different times during the day, the diversity factor is (1+1)/1=2.*

Embedded Costs: *Those costs that are in existence at any point in time regardless of the date originally incurred and that affect current operations on a continuing basis.*

Firm Power: *Power which is intended to have assured availability to the customer to meet all or any agreed-upon portion of his load requirements.*

Heat Rate: *A measure of generating station thermal efficiency generally expressed as BTU per net kilowatt-hour. It is computed by dividing the total BTU content of fuel burned by the resulting net kilowatt-hours generated.*

Historic Cost: *The initial cost to the person who holds the property. Original cost and historic cost are the same where property has not changed ownership. When utility property of an operating unit or system nature changes ownership, the original cost carries forward and is maintained by the new owner, although the purchase price (i.e. historic cost of the new owner) may be something different.*

Interest Coverage Ratio: *The number of times that the net income for a given year, before interest expense and income taxes, covers the annual interest expense.*

Kilowatt-hour (kWh): *One thousand watts of electricity used for one hour. (e.g. The energy ten 100-watt light bulbs consume in one hour.)*

Load Management: *Techniques or actions which shift energy demands from peak periods to times (off peak) when existing capacity is not fully used.*

Load Factor: *The average load of a customer, a group of customers or an entire system divided by the maximum load, expressed as a percentage. For example, assuming 48 kWh of usage for the day, the average load is 48/24 of 2 kW. If the maximum demand is 4 kW, the load factor is 50%.*

Net Operating Income: *The amount of revenues from utility operations that remains after the deduction of the operating and maintenance expenses, depreciation expenses and taxes (income, property, etc.) attributable to the utility operations. The revenues and expenses that are measured to produce net operating revenue are commonly referred to as "above-the-line" items. The revenues and expensed that are measured to produce net operating revenue are commonly referred to as "above-the-line" items. The net operating income line on the income statement is the dividing point. (See also below the line.)*

Net Original Cost: *Original cost less accumulated depreciation.*

Non-Operating Items: *Although sometimes used interchangeably with non-utility items, this term may more properly be used to describe items such as construction work in progress which is not currently used in providing utility service. It has also been applied traditionally to financial items (i.e. interest expense)*

Original Cost: *Cost of property to the one who first devoted it to public use.*

Peak Demand: *The maximum level of operating requirements (i.e. production) placed upon the system by customer usage during a specified period of time (i.e. instantaneous peak, thirty-minute peak, one-hour peak and one-day peak outputs are common points of reference). It may be measured by an operating segment of the company such as a customer class or the entire company, depending on intended use of the data.*

Rate: *The unit charge or charges made to customers for supplying utility services.*

Rate Base: *The total original cost of a utility's investment in property presently devoted to public service, minus the amount of accumulated depreciation of such property, plus an allowance for working capital, plus or minus certain other items. This investment base is the amount to which the rate of return is applied.*

Rate of Return: *The* **realized** *rate-of-return is the percentage factor obtained by dividing the operating income from utility operations by the rate base. An adequate rate-of-return is the percentage factor that, when multiplied by the rate base, produces earnings that will meet the interest and equity requirements of the capital used to support the rate base. The measure of the adequacy of the rate-of-return factor is usually based upon cost-of-capital measurements.*

Replacement Cost: *An estimate of the cost to replace the existing facilities (either as currently structured or as redesigned to embrace new technology) with facilities that will perform the same functions. This method recognizes the benefits of presently available technology in replacing the system. For example, a number of small generating units may be replaced with a single large unit at lower unit costs and greater efficiency.*

Reserve Margin: *The amount of unused capacity (idle capacity) that a utility has at the period of peak demand.*

Residential Customers: *Customers with individual contracts for utility service who live in a single family dwelling, or in an individual apartment in a multiple family dwelling or building or portion thereof occupied as the home, residence, or sleeping place of one or more persons.*

Return: *Rate of return times the rate base.*

Return on Equity: *The profit left to common shareholders after all expenses, interest costs and preferred stock dividends are paid. This amount is generally expressed as a percentage of common equity investment.*

Revenue Requirement: *The total revenue needed to pay all operating and capital costs of a utility including the Return on Equity in a test year.*

Test Year: *The twelve-month operating period selected to evaluate the cost of service and the adequacy of the rates in effect or being sought. Frequently the term "test period" is used, and may refer simply to the year or expressly to the adjusted test year.*

Unbilled Revenues: *The amount of service rendered but not recorded or billed at the end of and accounting period. Cycle meter reading practices result in unrecorded consumption between the date of last meter reading and the end of the period. If these amounts are not estimated and recorded, they reflect "unbilled' amounts.*

Utilization Factor: *The ratio of the maximum demand of a system to the installed capacity of the system.*

Working Capital: *Used broadly, the term refers to those rate-base allowances other than the utility plant in service and may include materials, fuels, supplies, etc. In the narrower use, commonly referred to as cash working capital, it relates to the investor-supplied funds necessary to meet operating expense or going-concern requirements of the business. There is normally a time lag between the point when service is rendered and the related operating costs are incurred and the point when revenues to recover such costs are received. The operating funds to bridge the lag are usually supplied by the investor and become a fixed commitment to the enterprise.*

DIRECTORS AND STAFF AT DECEMBER 31, 1991

Board of Directors

Chairperson	Fred Berger
Vice-Chairperson	Vacant
Directors	Catherine McEwen
	Nick Poushinsky
	Al Kapty
	Ed Chambers
	Darren Kates
	Charles Sanderson
	Carol Geddes
	Tim Koepke

Officers

A/President	Michael D. Sweatman, C.A.
Vice President	Vacant
Corporate Secretary	Eric J. Woodhouse
Senior Utility Engineer	John F. Maissan, P. Eng.

Staff

Policy & Communications	Chris Dray
Bookkeeper	Terry Tessier
Administrative Assistant	Pamela Griffiths
Executive Secretary	Darlene Morgan
Receptionist	Katherine Ross

Power Smart Team

Marketing	Wendy Sumanik
Communications	Colleen Brennan
Information Programs	Janné Hicklin

Audit Committee

Tim Koepke
Catherine McEwan
Darren Kates
Charles Sanderson

Auditors

Auditor General of Canada

Yukon Energy Corporation
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YUKON ENERGY